



JOHN CHIANG
California State Controller

July 26, 2012

Bob Bilek, Acting Superintendent
Palo Verde Unified School District
295 North 1st Street
Blythe, CA 92225

Dear Mr. Bilek:

The State Controller's Office reviewed the costs claimed by Palo Verde Unified School District for the legislatively mandated Standardized Testing and Reporting Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 2004. Our review was limited to ensuring that the California Department of Education Standardized Testing and Reporting Program apportionment was properly offset.

The district claimed \$293,941 for the mandated program. Our review disclosed that \$241,715 is allowable and \$52,226 is unallowable. The costs are unallowable because the district understated offsetting reimbursements, as described in the attached Summary of Program Costs and Finding and Recommendation.

For the fiscal year (FY) 1997-98 claim, the State made no payment to the district. Our review disclosed that \$14,496 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 1998-99 claim, the State paid the district \$6,411. Our review disclosed that \$17,947 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$11,536, contingent upon available appropriations.

For the FY 1999-2000 claim, the State paid the district \$34,150. Our review disclosed that \$30,009 is allowable. The State will apply \$4,141 against any balances of unpaid mandated program claims due the district as of October 19, 2010. Alternatively, the district may remit this amount to the State.

For the FY 2000-01 claim, the State paid the district \$34,481. Our review disclosed that \$30,481 is allowable. The State will apply \$4,000 against any balances of unpaid mandated program claims due the district as of October 19, 2010. Alternatively, the district may remit this amount to the State.

For the FY 2001-02 claim, the State made no payment to the district. Our review disclosed that \$31,681 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2002-03 claim, the State made no payment to the district. Our review disclosed that \$92,521 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2003-04 claim, the State made no payment to the district. Our review disclosed that \$24,580 is allowable. The State will pay that amount, contingent upon available appropriations.

We discussed the review results with Val Braden, Director of Business Services, via e-mail on July 2, 2012.

If you disagree with the review finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's website at www.csm.ca.gov/docs/IRCForm.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/sk

Attachments

RE: S12-MCC-924

cc: Val Braden, Director of Business Services
Palo Verde Unified School District
Kenneth Young, County Superintendent of Schools
Riverside County Office of Education
Scott Hannan, Director, School Fiscal Services Division
California Department of Education
Carol Bingham, Director, Fiscal Policy Division
California Department of Education
Thomas Todd, Principal Program Budget Analyst
Education Systems Unit, Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Attachment 1— Summary of Program Costs July 1, 1997, through June 30, 2004

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 1997, through June 30, 1998</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,366	\$ 1,366	\$ —
Test materials, supplies, and equipment	1,228	1,228	—
Pre-test and post-test coordination	15,239	15,239	—
Test administration	2,279	2,279	—
Reporting and recordkeeping	10,568	10,568	—
Total direct costs	30,680	30,680	—
Indirect costs	2,237	2,237	—
Total direct and indirect costs	32,917	32,917	—
Less offsetting reimbursements	—	(18,421)	(18,421)
Total program costs	<u>\$ 32,917</u>	14,496	<u>\$ (18,421)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 14,496</u>	
<u>July 1, 1998, through June 30, 1999</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,098	\$ 1,098	\$ —
Test materials, supplies, and equipment	1,256	1,256	—
Pre-test and post-test coordination	15,955	15,955	—
Test administration	1,937	1,937	—
Reporting and recordkeeping	10,839	10,839	—
Total direct costs	31,085	31,085	—
Indirect costs	2,266	2,266	—
Total direct and indirect costs	33,351	33,351	—
Less offsetting reimbursements	—	(15,404)	(15,404)
Total program costs	<u>\$ 33,351</u>	17,947	<u>\$ (15,404)</u>
Less amount paid by the State ²		(6,411)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 11,536</u>	
<u>July 1, 1999, through June 30, 2000</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,176	\$ 1,176	\$ —
Test materials, supplies, and equipment	1,270	1,270	—
Pre-test and post-test coordination	16,316	16,316	—
Test administration	1,984	1,984	—
Reporting and recordkeeping	11,084	11,084	—

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 1999, through June 30, 2000 (continued)</u>			
Total direct costs	31,830	31,830	—
Indirect costs	2,320	2,320	—
Total direct and indirect costs	34,150	34,150	—
Less offsetting reimbursements	—	(4,141)	(4,141)
Total program costs	<u>\$ 34,150</u>	30,009	<u>\$ (4,141)</u>
Less amount paid by the State ²		(34,150)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (4,141)</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,206	\$ 1,206	\$ —
Test materials, supplies, and equipment	1,319	1,319	—
Pre-test and post-test coordination	17,059	17,059	—
Test administration	2,108	2,108	—
Reporting and recordkeeping	11,324	11,324	—
Total direct costs	33,016	33,016	—
Indirect costs	1,465	1,465	—
Total direct and indirect costs	34,481	34,481	—
Less offsetting reimbursements	—	(4,000)	(4,000)
Total program costs	<u>\$ 34,481</u>	30,481	<u>\$ (4,000)</u>
Less amount paid by the State ²		(34,481)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (4,000)</u>	
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 1,236	\$ 1,236	\$ —
Test materials, supplies, and equipment	1,352	1,352	—
Pre-test and post-test coordination	17,408	17,408	—
Test administration	2,161	2,161	—
Reporting and recordkeeping	11,661	11,661	—
Total direct costs	33,818	33,818	—
Indirect costs	1,502	1,502	—
Total direct and indirect costs	35,320	35,320	—
Less offsetting reimbursements	—	(3,639)	(3,639)
Total program costs	<u>\$ 35,320</u>	31,681	<u>\$ (3,639)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 31,681</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 19,609	\$ 19,609	\$ —
Test materials, supplies, and equipment	1,142	1,142	—
Pre-test and post-test coordination	34,274	34,274	—
Test administration	8,520	8,520	—
Reporting and recordkeeping	15,400	15,400	—
Total salaries and benefits	78,945	78,945	—
Materials and supplies:			
Test materials, supplies, and equipment	11,947	11,947	—
Total materials and supplies	11,947	11,947	—
Total direct costs	90,892	90,892	—
Indirect costs	4,035	4,035	—
Total direct and indirect costs	94,927	94,927	—
Less offsetting reimbursements	—	(2,406)	(2,406)
Total program costs	<u>\$ 94,927</u>	92,521	<u>\$ (2,406)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 92,521</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 2,550	\$ 2,550	\$ —
Test materials, supplies, and equipment	4,600	4,600	—
Pre-test and post-test coordination	8,882	8,882	—
Test administration	5,225	5,225	—
Reporting and recordkeeping	5,372	5,372	—
Total salaries and benefits	26,629	26,629	—
Materials and supplies:			
Test materials, supplies, and equipment	10	10	—
Total materials and supplies	10	10	—
Total direct costs	26,639	26,639	—
Indirect costs	2,156	2,156	—
Total direct and indirect costs	28,795	28,795	—
Less offsetting reimbursements	—	(4,215)	(4,215)
Total program costs	<u>\$ 28,795</u>	24,580	<u>\$ (4,215)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 24,580</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>Summary: July 1, 1997, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 28,241	\$ 28,241	\$ —
Test materials, supplies, and equipment	12,167	12,167	—
Pre-test and post-test coordination	125,133	125,133	—
Test administration	24,214	24,214	—
Reporting and recordkeeping	76,248	76,248	—
Total salaries and benefits	266,003	266,003	—
Materials and supplies:			
Test materials, supplies, and equipment	11,957	11,957	—
Total materials and supplies	11,957	11,957	—
Total direct costs	277,960	277,960	—
Indirect costs	15,981	15,981	—
Total direct and indirect costs	293,941	293,941	—
Less offsetting reimbursements	—	(52,226)	(52,226)
Total program costs	\$ 293,941	241,715	\$ (52,226)
Less amount paid by the State ²		(75,042)	
Allowable costs claimed in excess of (less than) amount paid		\$ 166,673	

¹ See Attachment 2, Finding and Recommendation.

² Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

Attachment 2— Finding and Recommendation July 1, 1997, through June 30, 2004

FINDING— Understated offsetting reimbursements

The district understated offsetting reimbursements by \$52,226 because it did not report any of the Standardized Testing and Reporting Program (STAR) apportionments received from the California Department of Education (CDE) for the review period.

The parameters and guidelines (section VII) state:

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, services fees collected, federal funds and other state funds shall be identified and deducted from the claim.

Education Code section 60640, subdivision (h)(1), specifies that the State Superintendent of Public Instruction shall apportion funds to school districts to enable them to administer the tests within the STAR Program. For the review period, we determined that the district received \$68,722 from the CDE.

We determined the amount that should have been offset by multiplying the total CDE apportionment by the reimbursable mandate percentages based on test results published on the CDE STAR website. The district administered the following STAR tests during the review period: (1) California Standards Tests (CST); (2) Stanford Achievement Test, Ninth Edition (SAT-9); (3) Spanish Assessment of Basic Education, Second Edition (SABE/2); and (4) California Alternate Performance Assessment (CAPA). The CST and CAPA tests are not reimbursable because they were not pled in the test claim that created this mandate.

Based on the CDE's published test results, the reimbursable mandate percentages are as follows: 100% for FY 1997-98, 70.62% for FY 1998-99, 70.23% for FY 1999-2000, 63.45% for FY 2000-01, 65.29% for FY 2001-02, 63.46% for FY 2002-03, and 60.88% for FY 2003-04.

The following table summarizes the understated offsetting reimbursements for the review period:

	Fiscal Year							Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	
STAR Program apportionments:								
CDE apportionment	\$ (18,421)	\$ (21,813)	\$ (5,896)	\$ (6,304)	\$ (5,574)	\$ (3,791)	\$ (6,923)	<u>\$ (68,722)</u>
Mandate-related percentage	× 100%	× 70.62%	× 70.23%	× 63.45%	× 65.29%	× 63.46%	× 60.88%	
Mandate-related apportionment	(18,421)	(15,404)	(4,141)	(4,000)	(3,639)	(2,406)	(4,215)	(52,226)
Less offset CDE apportionment	—	—	—	—	—	—	—	—
Review adjustment	<u>\$ (18,421)</u>	<u>\$ (15,404)</u>	<u>\$ (4,141)</u>	<u>\$ (4,000)</u>	<u>\$ (3,639)</u>	<u>\$ (2,406)</u>	<u>\$ (4,215)</u>	<u>\$ (52,226)</u>

Recommendation

We recommend that the district ensure that all applicable reimbursements are offset against mandated program costs.